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LESSEY AND GAMBINO NOMINATIONS

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON THE

NOMINATIONS OF SAMUEL K. LESSEY, JR. TO BE INSPECTOR GENERAL, UNITED STATES SYNTHETIC FUELS CORPORATION, AND ROBERT W. GAMBINO TO BE DEPUTY INSPECTOR GENERAL, UNITED STATES SYNTHETIC FUELS CORPORATION

APRIL 16, 1982

Publication No. 97-78

Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE
95-701 O WASHINGTON : 1982

5311-37

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LESSEY AND GAMBINO NOMINATIONS

FRIDAY, APRIL 16, 1982

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 3110, Dirksen Office Building, Hon. James A. McClure, chairman, presiding.

Present: Senators McClure, Domenici, Warner, Humphrey, and Matsunaga.

Also present: Charles A. Trabandt, chief counsel; E. David Doane, counsel; and Richard D. Grundy, professional staff member.

OPENING STATEMENT OF HON. JAMES A. McCLURE, A U.S. SENATOR FROM THE STATE OF IDAHO

The CHAIRMAN. The committee will come to order. This is a hearing to consider two Presidential nominations for positions in the U.S. Synthetic Fuels Corporation. The nominees are Samuel K. Lessey, Jr., to be Inspector General, and Robert W. Gambino to be Deputy Inspector General.

The Synthetic Fuels Corporation can best be described as a special-purpose Federal entity. It was established on June 30, 1980, by the enactment of the Energy Security Act. It was declared operational by President Reagan on February 9, 1982.

The purpose of the Corporation is to provide sufficient financial incentives to private industry to develop a synthetic fuel production capability in the United States. The primary incentive is contingent Federal financing, such as purchase and price guarantees as well as loan guarantees, rather than outright Federal cost sharing.

When Congress created the Synthetic Fuels Corporation the goal was to demonstrate as soon as possible the practicality of commercial production of synthetic fuels in the United States. That objective is an important part of our national energy policy. When we have demonstrated the ability to produce synthetic fuels in commercial quantities, we will have reduced our vulnerability to an oil-import disruption, and we will have substantially added to our national security.

Our vulnerability to an oil-import cutoff continues to be a serious, long-term problem, even though supplies of oil are ample at the moment. The current surplus may not continue. OPEC has already taken steps to reduce it. Moreover, we may soon see significant increases in worldwide demand, as consumers respond to lower prices, and as economic conditions improve. In addition, we

must continue to contend with the possibility that the OPEC producers will reduce production substantially below worldwide demand for either political or economic purposes.

Also, I would note that our strategic petroleum reserve is currently only one-third full, but even if full, it would offer only a short-term offset to a new disruption in oil imports. If a disruption lasted for more than a few months, the reserve could not continue to serve as a replacement for imported supplies, but it would buy time for the development of alternatives, such as large-scale production of synthetic fuels, if the technologies are available.

That brings us back to the basic purpose of the Synthetic Fuels Corporation, which is to assure that the needed technologies will be available.

The Synthetic Fuels Corporation has powers and duties that are expressly set forth in the Energy Security Act. In accordance with the intent of Congress, the powers of the Corporation can be exercised only in conjunction with its authorized activities, and the activities of the Corporation are strictly limited by the provisions of the statute. Thus, one of the primary functions of the Inspector General and the Deputy Inspector General is to be sure that the Corporation complies with those statutory limitations.

In addition, of course, the Inspector General must perform the traditional IG functions such as audits, investigations, and inspections. It is the responsibility of the Inspector General to detect and prevent any fraud and abuse in the programs of the Corporation, and to insure that the Corporation is operated efficiently. The duties and responsibilities of the Inspector General and his deputy are specified in considerable detail in section 122 of the Energy Security Act. This underscores the importance of the role of these officers in the operation of the Corporation, and I might add that this Corporation is exempted from many of the rules that affect Government operations in a more traditional or normal sense. It is designed to have greater flexibility, greater independence of action, and therefore the role of the Inspector General perhaps is even more important in this instance.

Before we call on nominees for testimony, I would like to recognize a member of this committee, a valued member of the Senate and of this committee, Senator Warner.

STATEMENT OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. I thank you, Mr. Chairman. Mr. Chairman, I have had the privilege of meeting and consulting with both of these nominees, and while I appear here on behalf of Mr. Gambino, my constituent, I can certainly speak with credibility and sincerity with respect to the nominee for the position of Inspector General.

Both of them are outstandingly qualified for these positions.

It is my pleasure to introduce today's nominee for Deputy Inspector General, Mr. Robert W. Gambino. Mr. Gambino is a 1951 graduate of the University of Virginia and a 1958 graduate of the George Washington University School of Law. He completed further graudate work at George Washington in 1968.

The nominee was a senior executive at the Central Intelligence Agency from 1970 to 1980. During that time, his assignments included components in the United States and overseas. From 1975 through 1980 he served as CIA Director of Security.

Mr. Gambino is active in the U.S. Army Reserve, and serves as a colonel in military intelligence. He is a recipient of the Distinguished Intelligence Medal, and National Intelligence Medal of Achievement, and the Attorney General's special accommodation award.

It is indeed a pleasure, Mr. Chairman, to present to the committee such a qualified individual as Mr. Robert Gambino for this posi-

[illegible] chank the chairman.

The CHAIRMAN. Thank you very much, Senator Warner. As I said at the outset, it is a particular pleasure to have you here to introduce your constituent because of your service on this committee and the respect with which you are held here. I don't think your introduction hurt him any.

Senator WARNER. Thank you, Mr. Chairman. I'm sorry I cannot stay, but we have an Armed Services Committee two floors above so fierce it might come down through the ceiling.

The CHAIRMAN. Gentlemen, the rules of the committee which apply to all nominees require that they be sworn in connection with their testimony.

[Whereupon, Mr. Lessey and Mr. Gambino were duly sworn by the chairman.]

The CHAIRMAN. Please be seated. Before you begin your statement, there are four questions addressed to witnesses before this committee who are nominated for positions in the administration. I would like to ask these questions of you.

Will you be available to appear before this committee and other congressional committees to represent Synthetic Fuels Corporation positions and respond to issues of concern to the Congress?

Mr. LESSEY. Yes, sir.

Mr. GAMBINO. Yes, sir.

The CHAIRMAN. Your informational statements have been submitted to the committee. However, it is required that these statements be made public unless the committee decides that special circumstances justify an exception.

Do either of you have any objection to the publication of your informational statement?

Mr. LESSEY. No, Mr. Chairman.

Mr. GAMBINO. No, sir.

The CHAIRMAN. Are you aware of any personal holdings, investments, or interests that could constitute a conflict of interest or create the appearance of such a conflict should you be confirmed and assume the office to which you have been nominated by the President?

Mr. LESSEY. I have an answer for the record on that, Mr. Chairman.

As noted in the financial statement that I have filed with the committee, my interests include small investments in the common stocks of the Exxon Corp. and the Gulf Oil Corp. which may pose

potential conflict of interest, depending on the matters with which I am involved, assuming my confirmation by the Senate.

I have already provided the committee a letter stating that because both of these companies have interests and projects that are before the Corporation, I will divest myself of my interest in both corporations if my nomination is confirmed by the Senate.

[COMMITTEE NOTE.—The letter is printed in the appendix following Mr. Lessey's financial statement.]

The CHAIRMAN. You know of no other conflict or anything that might arise, or any appearance of conflict?

Mr. LESSEY. None, sir.

Mr. GAMBINO. I have no personal holdings, investments, or interests that would constitute a conflict.

The CHAIRMAN. Are you involved in or do you have any assets held in blind trusts?

Mr. LESSEY. No, Mr. Chairman.

Mr. GAMBINO. No, sir.

The CHAIRMAN. Mr. Lessey, you may proceed with your statement. I appreciate your answer to the questions.

Mr. LESSEY. Yes, Mr. Chairman. Thank you, Mr. Chairman.

STATEMENT OF SAMUEL KENRIC LESSEY, JR., NOMINEE TO BE INSPECTOR GENERAL, U.S. SYNTHETIC FUELS CORPORATION

Mr. LESSEY. It is indeed an honor and a privilege to appear before you here today as the President's nominee for the Office of Inspector General of the U.S. Synthetic Fuels Corporation.

I have great respect for the work of this committee and for the work of its individual distinguished members. Everyone in his lifetime likes to be involved in something special. The U.S. Synthetic Fuels Corporation, created by the 96th Congress under the guidance and leadership of this committee, is something very special, unique in character, small in size, and explicitly limited in function.

The Corporation is charged by the Congress with a mission essential to this Nation's economic well-being and also its national security. I find the opportunity to contribute to the success of such an activity challenging and exciting.

During the time that I have been associated with the U.S. Synthetic Fuels Corporation I have studied the Energy Security Act in great detail, and I feel that I can say in all honesty that it is one of the most farsighted, long-range-oriented, and tightly crafted pieces of legislation to come out of any Congress in recent history. The Energy Security Act is no less than a step-by-step guide to this Nation's full utilization of those resources with which we have been blessed in great abundance. I believe that the proper development and careful utilization of these resources can effectively build a bridge to the renewable energy supplies of the future.

The mechanism created to accomplish this goal is, of course, the Synthetic Fuels Corporation. The Corporation is narrowly defined by the statute and has funds available to it that have been authorized and appropriated without fiscal year limitation. The job that is required is a big one, and it must be done right. If the Synthetic Fuels Corporation strays off course or becomes involved in activi-

ties not specifically within the authorities created by its statutory parameters, the credibility of this enterprise will be put in jeopardy.

That is why the role of the Inspector General is so critical. Congress created the Office of the Inspector General, I believe, to guarantee that the Corporation would be held accountable to the Congress which authorized it and the taxpayers who fund it. It is imperative, I believe, that the Synthetic Fuels Corporation operate efficiently and effectively.

I am anxious to get started. I have spent the past several months studying the operations and procedures of the Corporation. Most projects are large and require long leadtimes before they are constructed and operating. As a result, I intend to have the Office of the Inspector General fully involved now as the first group of phase II projects begins its negotiations. The potential for fraud, abuse, and bad management must be eliminated at the front end of these projects, not after the damage has been done and the only recourse is to leave the Government and the taxpayer holding the bag.

In terms of my operating style I would remind you of President Reagan's comments recently after a meeting he had held with a group of Inspectors General. He urged them to keep being as mean as junkyard dogs when it comes to protecting the taxpayers. That image notwithstanding, Mr. Chairman, I believe the President's metaphor can be viewed as a guide to the personal characteristics necessary to be an effective Inspector General, namely, tenacity and vigilance.

I have read the Inspector General section of the Energy Security Act with great interest and scrutiny. The framework of the independence and objectivity of the Inspector General is clearly laid out in the statute. I believe that if you add the precepts of integrity, fairness, accuracy, openness, and honesty, you have the necessary combination for success in this office.

Specifically, Mr. Chairman, Senators, I have had over 17 years' experience in the investment banking business. My work as a financial analyst has provided me with a background directly applicable to the financial assistance role of the U.S. Synthetic Fuels Corporation. Professionally, I have been involved in monitoring and examining the financial affairs and management of major corporations in many industries.

My military experience happened to include the leadership of a management implementation team which examined the entire structure of the Air Force Reserve, and then implemented a reorganization which greatly improved efficiency, readiness, and mission responsiveness while eliminating more than 10 percent of the management overhead.

I have an LL.B. from Harvard Law School. I also have an M.B.A. from Harvard Business School. Additionally, I am proud to say that I am a 1945 graduate of the U.S. Military Academy and have reached the rank of brigadier general in the Air Force Reserve.

With these tools and with the statutory guidance provided me by the drafters of the Energy Security Act, I am prepared to assure this committee that I am committed to seek out, expose, and report

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any waste, fraud, or mismanagement, and to promote economy and operating efficiency.

I would be happy to answer any questions.

The Chairman. Thank you very much. Before turning to questions, I would like to recognize Senator Humphrey who also, as Senator Warner, is a member of this committee, and we very much appreciate his service here.

STATEMENT OF HON. GORDON J. HUMPHREY, A U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator HUMPHREY. Thank you, Mr. Chairman. I apologize to the members of the committee and to Mr. Lessey. I had a very important meeting of the Armed Services Committee to which I must return, but I am proud to recommend to this committee a resident of New Hampshire and a friend, Mr. Kenrick Lessey, who as you know this morning is the President's nominee for Inspector General of the U.S. Synthetic Fuels Corporation.

Speaking for both myself and Senator Rudman, we believe that Mr. Lessey brings the highest qualifications and a long record of personal integrity to this important Federal oversight position.

I wish that he weren't getting this position. I wish that no one were. I in fact wish this Corporation didn't exist. I have never been a great supporter of the Synthetic Fuels Corporation. For this reason, I regard the role of Inspector General as an extremely important one. The Synfuels Corporation is a uniquely independent entity with considerable financial resources and a broad Federal mandate to assist in the development of a U.S. synfuels industry.

The Inspector General must be fully knowledgeable of the Corporation's authorities and activities, aggressive in his oversight of its legal proprieties and economic efficiencies, and candid in his reporting responsibilities to Congress. The brief review of Mr. Lessey's background, Mr. Chairman, should help illustrate why I find him eminently qualified to perform these tasks.

Mr. Lessey's extensive academic credentials include a BS degree from the U.S. Military Academy in West Point, a law degree from Harvard, and an M.B.A. from the Harvard Business School. His military career is distinguished by 12 years of active service and several subsequent consulting appointments, the most recent of which was to conduct a management implementation team for the chief of the Air Force Reserve.

At the completion of this job, in 1978 Mr. Lessey received the Legion of Merit award and was promoted to brigadier general. He also had extensive experience in investment, serving from 1968 to 1974 as a vice president of Shearson, Hammil & Co., and clearly this broad range of experience in legal, technical, and financial issues make Mr. Lessey well qualified for the role of Inspector General.

In sum, Mr. Chairman, I urge the committee to act expeditiously in approving Mr. Lessey's nomination, and look forward to working with him in the future.

The CHAIRMAN. Thank you very much. I thought surely you were going to make some reference to the junkyard dog being in a junkyard.

Senator DOMENICI. Well, Mr. Chairman, I assume you intend to finish the hearing today, do you not?

The Chairman. Yes.

STATEMENT OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. I have reviewed the qualifications of both the nominees, and absent information that I am unaware of, I am prepared to support them.

At this point I really wanted to speak because I am delighted that my good friend, Senator Humphrey, is supporting both of them. I'm sorry that he doesn't support the Corporation.

As a matter of fact, it appears to me that it is needed more now than ever, and the more we stabilize world oil prices—I think we do have this glut. If the prices stabilize for the next 4 or 5 years, or even come down, I think that is a terribly difficult time for development of synthetic fuels, and we are going to need the Corporation to get it started.

I would also say that it has been my privilege, Mr. Chairman, over the past 7 or 8 months to look at the energy mix projections of major energy companies of America for the next 25 or 30 years. Sometimes I think they know more than the Government, and I appreciate their estimating of where we will be, but it is interesting to note that none, none expect us to solve our energy problem without a significant increase in synthetic fuels as part of the composite mix that will run America, and frankly, the sooner we develop the technology to utilize the huge resources that are there dormant, the better.

I hope the chairman continues to support it as he has in the past, and I am just here to tell him I am at his disposal in supporting, giving this Corporation an opportunity to get those first projects started. We need these kind of people so that the American people and critics of this entity know that we don't intend to be anything but a first-class operation.

My last remarks are of a complimentary nature to Mr. Noble who runs this Corporation as far as the chairmanship. From what I can tell, he entered into this wondering whether it would work and he has become more and more committed to making it work. He charges the Government nothing. He works for a dollar a year. He chose Vic Schroeder who is an improviser and a man who gets things done. From what I can find out, he is doing a tremendous job. They won't need all the staff we allow to them. They won't spend all the administrative money that we permit them to spend.

Even with that kind of operation, we need people like these two, and I hope we get them over there in an official capacity quickly.

Thank you, Mr. Chairman.

The Chairman. Thank you, Senator. I think everyone who has followed the progress of the legislation and the creation of the Synthetic Fuels Corporation is aware of the contributions that you made in the Senate action, and equally and perhaps more importantly, in the conference with the other body that produced the legislation which is now on the books. I share with you the conviction that at this particular time the Corporation's activities are more

important than they were before, because less activity would occur in this field under current market conditions than would have been the case if market conditions that existed at the time of the creation of the Corporation had continued.

I expect that those conditions are more likely to occur again in the future, unlike some other people who are very optimistic, and I think overly optimistic about the energy supply of this country.

Without objection, the statement of Senator Humphrey and that of Senator Domenici and the colloquy surrounding those statements will appear in the record immediately following the statement of Senator Warner.

Before proceeding to the questions of Mr. Lessey, if there is no objection, we will hear the statement of Mr. Gambino.

Senator HUMPHREY. Pardon me, Mr. Chairman. I am going to have to excuse myself.

The CHAIRMAN. Senator Warner indicated there was a fight upstairs. I thought maybe since you had come down the fight would come down, too.

Before proceeding, I would like to recognize Senator Matsunaga.

STATEMENT OF HON. SPARK M. MATSUNAGA, A U.S. SENATOR FROM THE STATE OF HAWAII

Senator MATSUNAGA. Thank you, Mr. Chairman. Mr. Chairman, I want to applaud you and your colleagues, and to speak in support of the confirmation of Gen. S. Kenric "Ric" Lessey to become Inspector General of the U.S. Synthetic Fuels Corporation.

I consider it a rare treat and a great pleasure to have before this committee a man such as General Lessey. It has been said that a liberal is one who goes to Harvard and turns left, but there are those who go to Harvard and turn right. I mean turn out right.

The CHAIRMAN. Off the record for a moment.

[Comments were made off the record.]

Senator MATSUNAGA. All joking aside, Ric and I went to law school, were classmates at Harvard, and I can readily testify that he is an extraordinary man whose opinions I respect and whose actions and ability I admire. I have the utmost faith and confidence in his ability to act as Inspector General of the Synthetic Fuels Corporation.

I feel certain that his vast military, legal, and financial background will enable him to serve the Corporation and country as very few can.

The potential of the Synthetic Fuels Corporation is inestimable. We last year imported as much oil as we did the year before the 1973 energy crisis. All the available projections indicate that from now until the turn of the century we will probably need to continue to import significant quantities of oil, primarily from the Middle East. This means that despite the present so-called oil glut, we are only one Middle East incident away from the next energy crisis.

The key to reversing this precarious situation would be the Synthetic Fuels Corporation. This hearing, Mr. Chairman, has come at a most timely occasion, a time when our Nation appears prone to lapse into complacency on energy development. We cannot allow ourselves to be held into passivity. We must harden our resolve

and continue on the course to reduce our petroleum importation habit and simultaneously accelerate the development of our domestic energy resources.

The Synthetic Fuels Corporation can and should play a pivotal role in this endeavor. Attempts are being made on the one hand to eliminate the Corporation, and on the other to expand its charge. The former I consider to be shortsighted, the latter, most sensible. Through agencies such as SFC which should assist the private sector in achieving energy independence for this country of ours, I have great faith in General Lessey that he will perform his mission in a manner that will accomplish the goals of the Synthetic Fuels Corporation for the good of the Nation. I will support his confirmation.

The Chairman. Thank you very much, Senator. Mr. Gambino?

STATEMENT OF ROBERT W. GAMBINO, NOMINEE TO BE DEPUTY INSPECTOR GENERAL, U.S. SYNTHETIC FUELS CORPORATION

Mr. GAMBINO. Thank you, Mr. Chairman. I am pleased to be here as the President's nominee for the Deputy Inspector General of the U.S. Synthetic Fuels Corporation.

I am very proud and honored at the prospect of contributing to the development of a synthetic fuels industry in the United States. As you may surmise from my background, most of my professional life has centered on national security. At this moment, I believe there is nothing more integral to our national security than developing the commercial technology necessary to change our abundant domestic energy resources into the kind of fuels we need.

I believe that there must be a substantial commitment to the position for which I am being considered. It is a 7-year term spanning Presidential elections and the tenure of office of all the members of the original Board of Directors except the Chairman. While the Corporation goes about the business of encouraging the development of a private, economically viable synthetic fuels industry, it will be my job to insure that this task is performed with the utmost efficiency, honesty, and integrity.

My job will be to impartially review the facts, without regard to the political parties, personalities, or ideological persuasion. The Inspector General is the statutory link between the Congress and the Corporation. He serves both without prejudice or bias, but with candor, objectivity, and independence. I think it is a tall job. It is a big job, but I would not be here as a candidate if I did not believe I can do the job, and do it effectively.

As you previously mentioned, Mr. Chairman, the Synthetic Fuels Corporation is a special organization and not subject to all the rules and regulations of the more prosaic Federal agencies. The Inspector General's Office takes on a special importance in the success or failure of the Corporation. It is an office which must remind the Corporation to be specific and precise when it comes to matters of law, and thoughtful, insightful, and cautious when it comes to matters of judgment.

It is the Inspector General's office which must admonish the Corporation to do efficient, effective, and professional work in a way

which will maintain the high confidence and credibility with the Congress, the President, and the citizens of our country.

I personally believe in this mission. I have read and carefully studied the provisions of the Energy Security Act. I believe it is a good law with a dynamic concept. As to my personal mission as Deputy Inspector General, I am convinced that the tasks to which I have been assigned in the past provide sufficient training and expertise for me to fill this most important position. I have been engaged in intelligence, investigative, and security activity for many years. For more than 20 years I served in the Central Intelligence Agency assigned to collection, operation, and support components. My experience includes service in every facet of these organizations, from junior officer to office director. I have conducted investigations and managed a variety of special investigative, security, and operational support programs specifically designed to the unusual needs of the intelligence community.

While Director of Security of the CIA, I was responsible for all the investigative and security activities undertaken by the CIA on a worldwide basis. I managed a large, dispersed office with many unique and independent authorities. In addition, I have been a participant in a large national project involving the private sector, military, and civilian Government agencies. As part of this effort, I directed the design and implementation of special programmatic audit programs. This overall exposure will enable me to effectively assist the Inspector General in implementing his program and provides me with a depth of background necessary to carry out the duties of the Inspector General during his absence or temporary incapacity.

In summary, Mr. Chairman, I think I can see where the drafters of this legislation wanted it to go. I believe I fully understand the importance of developing a commercially viable synthetic fuels industry before it is too late. Most importantly, I believe this Corporation must be a good steward of the taxpayers money, and I am convinced that the public's perception of the Government's concern for our energy future will in large measure be conditioned by the manner in which this corporation conducts its affairs as well as by the success of this historic undertaking.

Again, Mr. Chairman, I am honored to be here this morning, and I am confident I can make a contribution to the success of this initiative. I welcome any questions you may have.

The CHAIRMAN. Thank you very much. I have a number of questions for both the nominees.

I note that the Energy Security Act provides that in the absence of the Inspector General or during a vacancy in that office, the Deputy Inspector General would have full authority to act as the Inspector General, and for that reason, the questions are common to both of you. I would invite you, Mr. Gambino, to join Mr. Lessey in responding to my questions if you would like to add to Mr. Lessey's answers or give your own personal view with respect to the questions.

Mr. Lessey, as Inspector General, you would report directly to the Board of Directors of the Corporation, isn't that correct?

Mr. LESSEY. Yes, sir.

The CHAIRMAN. And doesn't the Energy Security Act expressly state that you would also be under the general supervision of the Board?

Mr. LESSEY. Yes, Mr. Chairman, it does.

The CHAIRMAN. Given the fact that the Inspector General operates as an independent officer of the Corporation, how do you interpret the requirement that the Inspector General shall be under the general supervision of the Board?

Mr. LESSEY. As you have indicated and as I have answered, sir, the statute clearly has me reporting to the Board of Directors. However, my recollection is in the paragraph immediately following the clause on general supervision; it also gives me authority to initiate actions of my own.

Actually I think the language is written in a negative way. It says that the Board or any officer cannot prohibit me from initiating audits, investigations, or inspections of my own, so I see it as two lines of authority Mr. Chairman. I will receive direction from the Board of Directors, which I welcome, but I have authority to initiate actions on my own.

The CHAIRMAN. Do you see any conflict between the statutory requirement to be under the general supervision of the Board and the requirement that you not be under the control of, or subject to supervision by, an officer of the Corporation?

Mr. LESSEY. I guess, in effect, I have answered that question.

The CHAIRMAN. That is a role which you believe gives you sufficient independence to be able to act independently to advise not only the Corporation and its officers, but also to take the independent action that may be necessary and, in appropriate circumstances, to inform the Congress?

Mr. LESSEY. Yes. I have no problem there, sir. I think the independence is clearly stated.

The CHAIRMAN. Mr. Gambino, do you have any comment you would, like to make?

Mr. GAMBINO. I agree, of course, with what Mr. Lessey just said about our independence, but I also believe that it was the intent of the legislation under the Congress to have the Inspector General and Deputy Inspector General and the entire office to be participating members of the Corporation, to get on with the mission of the Corporation, and to participate and contribute to the successful completion of its mission and not be an adversary in the sense that we would slow down the operation of the organization.

There will be times I assume where the Board would, for its own oversight functions, ask the Inspector General to conduct some special operation. I think we can do that and still maintain our independence.

The CHAIRMAN. Before proceeding further, let me recognize my colleague, Senator Matsunaga. Do you have questions?

Senator MATSUNAGA. Yes, to both—it has been called to my attention that several members of the Board of Directors have been business associates prior to their appointment. While such past relationships are not necessarily inappropriate for Board members, I believe that they could create an appearance of lack of independence in the Inspector General.

Have you or any of you had any business or personal relationship with any Director of the Corporation prior to becoming consultant to the Corporation, and if so, will you describe that relationship?

Mr. LESSEY. No, sir. I have had none, and I hadn't met any of the Directors before—

Senator MATSUNAGA. Mr. Gambino?

Mr. GAMBINO. Yes, sir; I had a dinner with Mr. Noble some 6 months or so ago. That is the only social relationship I have had with any member of the Board of Directors, and I didn't know him before that time.

[Subsequent to the hearing Mr. Gambino supplied the following:]

ROBERT W. GAMBINO
2028 Carrhill Road
Vienna, Virginia 22180

April 22, 1982

The Honorable James A. McClure
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

During my confirmation hearing on April 16, 1982, I responded to a question from Senator Matsunaga concerning business or personal relationships with Synthetic Fuels Directors by stating that I had dinner with Mr. Noble some six months or so ago. After the hearing, I checked my calendar and found that my dinner with Mr. Noble was March 24, 1981, almost thirteen months ago. In addition, I found that I had breakfast with Mr. Victor Thompson on May 21, 1981. These were the only two personal or social meetings with any member of the Board. I have had no previous business contact with any member.

I do not believe Senator Matsunaga's question addressed meetings with members of the Board as a consequence of the White House's pre-selection process. However, to complete the record of my total contact with members of the Board, I would like to note that I met separately and briefly during this pre-selection process with Mr. Noble and Mr. Victor Schroeder on not more than three occasions during the period March 24, 1981 to January 11, 1982.

I regret the need to correct and expand my remarks, and I am very appreciative of your courtesy and patience.

Sincerely,

Robert W. Gambino

cc: The Honorable Henry M. Jackson
The Honorable Spark M. Matsunaga

95-701 O - 82 - 3

Senator MATSUNAGA. Thank you very much.

The CHAIRMAN. Senator Domenici?

Senator DOMENICI. I have no questions, Mr. Chairman.

The CHAIRMAN. In order to assure the independence of the Inspector General, the statute provides for a separate authorization of funds for the IG's office, and it also requires the Corporation to provide the Inspector General with adequate office space at the Corporation's offices.

What is the size of the staff that currently reports to the Acting Inspector General?

Mr. LESSEY. Right now, sir, there are the Inspector General plus four, plus his outside counsel, plus an administrative assistant, and sometimes a temporary secretary.

The CHAIRMAN. As the activity of the Corporation increases, would it be your expectation that the size of the Inspector General's staff would increase proportionately?

Mr. LESSEY. Not proportionately, sir, but during the time period that the Corporation has been in business so far, the Corporation has not been involved in project activity, so it is only natural that we will need a larger staff when we are getting into the project activity. The size will undoubtedly be a function of the number of projects which the Corporation assists, but not necessarily in a proportionate ratio.

The CHAIRMAN. What did you anticipate will be the ultimate size of the IG's staff?

Mr. LESSEY. That is hard to say. I wouldn't have a number at this early date. I can merely repeat, Mr. Chairman, that it would bear some connection to the number of projects to which the Corporation ends up giving financial assistance.

The CHAIRMAN. Have you reviewed that portion of the budget of the Corporation that relates to the operation of the Inspector General's office?

Mr. LESSEY. Yes, sir, I have.

The CHAIRMAN. In your opinion, will the office of the IG receive adequate funding under the current budget?

Mr. LESSEY. Yes, sir.

The CHAIRMAN. Do you feel that your funding requirements require Board approval?

Mr. LESSEY. No, sir. They don't by the statute, and I don't think they should have Board approval.

The CHAIRMAN. Have you discussed that with Mr. Noble and members of the Board?

Mr. LESSEY. No, sir.

The CHAIRMAN. I wonder if they share your feeling.

Mr. LESSEY. I feel that the money follows the responsibility. I think that the appropriation is independent. I think that is why the committee drafted the statute that way, so that the $2 million IG budget will be separate.

The CHAIRMAN. I understand that the Corporation is organized to parallel the project receiving financial assistance, that is, a team is created for each proposal.

Would you anticipate organizing the IG's office on the same basis or upon a different basis?

Mr. LESSEY. Do you mean in terms of a matrix?

The CHAIRMAN. Yes.

Mr. LESSEY. No, sir, and I hope that my staff is going to be small enough that we wouldn't have to be organized in any kind of a parallel fashion. I think the way that there will be an impact on my office will be with respect to the nature of the skills that I hire in order to oversee the projects.

The CHAIRMAN. Do you intend to organize in a different or a separate way to monitor the two DOE contracts under the Defense Production Act?

Mr. LESSEY. No, sir, I don't. Again, I don't think that I would be determining any organizational structure based on that. Obviously the difference is that those two contracts, those agreements, are in being, so the Corporation has to look at those based on what was there.

In terms of the new projects that will be coming to the Corporation, we will be involved in the planning that goes into the determination of some of those agreements, so that will be the principal difference.

The CHAIRMAN. Mr. Lessey, I want to pursue a little bit the question that Senator Matsunaga has asked because I think if I understand correctly, a little bit more might be added to the record with respect to your contact with members of the Board prior to your selection and appointment.

Senator MATSUNAGA. Perhaps, Mr. Chairman, your concept of the term "relationship" may have confused you somewhat.

Mr. LESSEY. I think I may have misunderstood your question, Senator.

Senator MATSUNAGA. The question that was put to you earlier was have you had any business or personal relationship with any Director of the Corporation prior to becoming a consultant to the Corporation?

Mr. LESSEY. I have had no business relationships with any of the Directors, and I did not know any of the Directors beforehand except Mr. Noble. I did meet Mr. Noble during the transition, the President's transition office period when he was on the synthetic fuels transition team, and I was on the transition team for the Civil Aeronautics Board and the Federal Emergency Management Agency.

Senator MATSUNAGA. And that is the only relationship you have had?

Mr. LESSEY. Having met him during that period, I have known him socially. We had dinner together and so forth, yes, sir.

The CHAIRMAN. When did that start? When did you first meet him?

Mr. LESSEY. It was in the fall of 1980, the November/December time period.

The CHAIRMAN. That was confined to Mr. Noble? It didn't extend to a personal acquaintance with the members of the Board?

Mr. LESSEY. Repeat again, sir?

The CHAIRMAN. That was just with Mr. Noble and not with other members of the Board?

Mr. LESSEY. That's right. Yes, sir.

[Subsequesnt to the hearing Mr. Lessey supplied the following:]

April 22, 1982

The Honorable James A. McClure
Chairman
Committee on Energy and Natural Resources
Washington, D.C. 20510

Dear Mr. Chairman:

I would like to clarify the exchange that took place between you, Senator Matsunaga and myself during last Friday's hearing on my confirmation regarding any business or personal relationship that I may have had with any Director of the Corporation prior to becoming a consultant to the Corporation.

For the record, I have never had any business relationships with any of the Directors at any time. On the personal side, I did meet Mr. Edward Noble for the first time in November 1980 when I came to Washington to serve on the President's Transition Team. He worked on the synthetic fuels team and I served on both the Civil Aeronautics Board and the Federal Emergency Management Agency teams. I would sometimes see Mr. Noble at the staff meetings at the M Street headquarters and the two of us had a luncheon once to discuss transition concerns. I have also seen Mr. Noble on a few social occasions, three or four times for dinner with others and at such gatherings as the Defense Strategy Forum.

In addition, I met Mr. Victor Schroeder in August of 1981 during the interviewing process.

I hope, Mr. Chairman, this helps to clarify the full extent of my personal relationship that I may have had with any Director of the Corporation prior to becoming a consultant to the Corporation.

The important thing, I believe, going to the heart of Senator Matsunaga's question, is that I have no relationship of any kind, past or present, with any Director at the U.S. Synthetic Fuels Corporation which could in any way interfere with my independence as Inspector General or my mandate under the Statute.

I look forward to working with you and the other members of the Committee.

Sincerely,

S. Kenric Lessey Jr.

S. Kenric Lessey, Jr.

SKL/gat

cc: The Honorable Henry M. Jackson
The Honorable Spark Matsunaga

Senator MATSUNAGA. No further questions.

The CHAIRMAN. Mr. Lessey, you stated in your testimony that you spent the past several months studying the operations and the procedures of the Corporation.

Can we assume from that statement that upon your confirmation you would be able to immediately assume your duties, and you would not need to consume several months from now learning how to function as Inspector General?

Mr. LESSEY. That is correct, sir.

The CHAIRMAN. As you noted in your statement, and I appreciate it, the Congress carefully tailored the Energy Security Act to define the specific limited powers that the Corporation was to have. The position of the Congress was that the only powers were to be those that were expressly authorized.

This is a more narrow formulation than is usually the case for a governmental entity. The usual standard employed is whether a proposed activity is unauthorized.

Would you agree that this more narrow formulation places a substantively different requirement on the SFC Inspector General than is placed, for example, on the Inspector General at the Department of Energy?

Mr. LESSEY. Yes, Mr. Chairman. If I understand the question, I would see that as giving me additional responsibility and, if my memory is correct, there is a responsibility for the Inspector General to see that all activities are consonant with the statute. So that is laid out in the statute, and that is an additional responsibility for us to keep an eye on.

The CHAIRMAN. I would like to paraphrase in part and quote in part from section 171(b) which provides that the foregoing powers in the act shall only be exercised in connection with, "as authorized by this part, administrative activities, financial assistance, and Corporation construction projects and, notwithstanding any other provision of law, the Corporation shall have no legal authority, power, or purpose pursuant to this part or any other law to engage in any other activities of a business, commercial, financial, or investment nature or perform any other governmental function;" and that any violation of this subsection shall be subject to criminal penalties.

That is a very strict, very narrow definition of authority, and a much more pointed restriction on authority than is ordinarily the case. We did that very deliberately and very intentionally because at the same time we wanted to confine the authority very narrowly, we wanted to be able to give broad discretion within the areas of authority granted.

I think that that places a much greater responsibility on you as IG and on Mr. Gambino and your office to make certain that that philosophy of the act, as well as the letter of the act, is complied with. I know as a matter of fact that whenever you create an office, people like to use the authorities that are granted to do what they perceive to be good things to do.

We in this statute were very careful, and necessarily very careful, because there were an awful lot of Members of the Congress who felt as Senator Humphrey mentioned it earlier, that they didn't want the Government involved in this at all, and in order to

get the support that was necessary, and I will submit that in order to maintain the support that is necessary, the Corporation is going to have to very carefully confine itself to the activities prescribed in the statute, a much narrower, much more rigid formulation of law than is ordinarily the case. I would hope that you view this as a rather unique circumstance and approach your job as Inspector General with a view to that uniqueness.

Would I be correct in assuming that is the case?

Mr. LESSEY. Yes, sir, you would, and that is, of course, part of the wisdom of the statute. From my own personal experience in life, I have noticed that ancillary activities tend to take away from the mission, and that is obviously something that you were trying to prevent in drafting the statute.

The CHAIRMAN. Senator Matsunaga, do you have further questions?

Senator MATSUNAGA. No further questions; I think you put the questions I had in mind.

The CHAIRMAN. Thank you very much. We have no further questions. This will complete the hearing, and as soon as we have a business session with a quorum present, I will ask the committee to report the nominations favorably. We hope to have early action so you can officially do what has to officially be done.

Mr. LESSEY. Thank you, Mr. Chairman.

Mr. GAMBINO. Thank you, Mr. Chairman.

The CHAIRMAN. Excuse me. There may be members of the committee who have questions that they would wish to submit in writing for a response in writing.

Mr. LESSEY. Yes, sir.

The CHAIRMAN. If they are submitted, we would hope that you would respond promptly so that we can act on the nominations at the next opportunity.

Thank you. The committee is adjourned.

[Whereupon, at 11 a.m., the hearing was adjourned.]

APPENDIX

INFORMATIONAL STATEMENTS OF THE NOMINEES

S. KENRIC LESSEY, JR.

Box 57, Brimstone Corner Road
Hancock, New Hampshire 03449

Born: October 9, 1923
Newark, New Jersey

Parents: Samuel K. and Ruth Lessey

Education:

1931-1941	Horace Greeley School
1941-1942	Millard Preparatory
1942-1945	U.S. Military Academy
1945	Vanderbilt University
1948-1951	Harvard Law School
1951-1953	University of Maryland
1951-1952	George Washington University Law School
1954-1956	Harvard Business School
1974-1975	Air War College

Business Experience:

1945-1947	Army Officer, War Department
1947-1954	Air Force Officer, Department of the Air Force
1957-1968	National Aviation Corporation, New York, New York, an investment trust; Vice President and Director
1968-1974	Shearson Hammill & Co., Inc., New York, New York, investment banking; Vice President
1974-1982	Private Investor and Air Force Reserve Officer

Organizations:

Aerospace Analysts Society
Air Force Association
American Astronautical Society
American Defense Preparedness Association
American Fighter Pilots Association
American Helicopter Society
American Institute of Aeronautics & Astronautics
Association of the U.S. Army
Aviation Space Writers Association
Electrical & Electronic Analysts Group
Financial Analysts Federation
New York Society of Security Analysts
Institute of Electrical and Electronic Engineers
Military Order of the World Wars
Reserve Officers Association

UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Lessey (LAST) Samuel (FIRST) Kenric Jr. (OTHER)

Position to which nominated: Inspector General, U.S. Synthetic Fuels Corporation

Date of nomination: 3 February 1982

Date of birth: 9 (DAY) October (MONTH) 1923 (YEAR)

Place of birth: Newark, New Jersey

Marital status: Single

Full name of spouse: None

Name and ages of children: None

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Horace Greeley School	1931-1941	Regents & Post Grad.	1940&1941
Millard Preparatory	1941-1942	--	--
U.S. Military Academy	1942-1945	B.S.	1945
Vanderbilt University	1945-1945	--	--
Harvard Law School	1948-1951	L.L.B.	1951
University of Maryland	1951-1953	MA credits completed	--

(See Attached Sheet)

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

Army Officer, War Department, U.S.A., 1945-1947

Air Force Officer, Dept. of Air Force, U.S.A & overseas, 1947-1954

VP & Director of Investment Trust, National Aviation Corporation, New York City, 1957-1968

VP-Investment Banking, Shearson Hammill & Co., Inc., New York City, 1968-1974

Air Force Officer, Air War College, Maxwell AFB, Alabama, 1974-1975

Self-employed, Investments & Pro Bono, New Hampshire, 1975-present

Employment record—Continued

Consultant, U.S. Synthetic Fuels Corporation, D.C., 9/21/81 - Present

Military service: Enter all military service if not included above: service, dates, rank, type of discharge.

War Department, 7/1/42-6/5/45, Cadet, Commissioned in Regular Service

War Department, 6/5/45-9/47, Lieutenant

Dept. of Air Force, 9/47-9/15/54, Captain, Honorable, Commissioned in Reserves

Dept. of Air Force, 9/16/54-present, Brigadier General, U.S.A.F.R.

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Gerard Swope Essay Contest, New York State 1940

American Legion Boys State, New York State 1940

U.S. Olympic Soccer Squad (until injury) 1948

Air War College, Distinguished Graduate, Commandant's Award Runner-up

Legion of Merit

Air Force Outstanding Unit Award

(Continued on attached sheet)

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Aerospace Analysts Society	Past President	1960-present
Air Force Association	Past Vice President Iron Gate Chapter	1954-present
American Astronautical Society	--	1964-present
American Defense Preparedness Assn.	--	1965-present
American Fighter Pilots Assn.	--	1954-present
American Helicopter Society	--	1960-present

(Continued on attached sheet)

Published writings: List the titles, publishers and dates of any books, articles, or reports you have written.

Gerard Swope Essay on "Chappaqua," New York State 1940

An article in SKI Illustrated magazine on "Skiing at West Point" in 1945.

Qualifications: State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

None .

3. Has anybody made you a commitment to a job after you leave government?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

Not applicable

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I see no conflict of interest but I hold some minor investment positions which I have identified to the Corporation. They are: Exxon Corporation (common stock), Gulf Oil Corporation (common stock) (See agency letter requested in question 6 below.)

Education continued:

George Washington Univ. Law School,	1951-1952	(graduate courses)	--
Harvard Business School	1954-1956	M.B.A.	1956

Honors and Awards continued:

World War II Victory Medal
Occupation Medal
National Defense Service Medal
Korean Service Medal
American Campaign Medal
Air Force Reserve Medal
Air Force Longevity Service Award
United Nations Service Medal

Memberships continued:

American Institute of Aeronautics & Astronautics	--	1964-present
American Nuclear Society	--	1964-1980
Association of the U.S. Army	--	1977-present
Aviation Space Writers Association	--	1966-present
Defense Orientation Conference Association	--	1965-1976
Electrical & Electronic Analysts Group	Committee	1968-present
Financial Analysts Federation	--	1958-present
New York Society of Security Analysts	Committee	1958-present
Institute of Electrical and Electronic Engineers	--	1958-present
Military Order of the World Wars	--	1977-present
Reserve Officers Association	--	1972-present
Wings Club (New York)	Past Director	1958-present
National Aviation Club	--	1965-present
New York Athletic Club	--	1966-present
Wall Street Club	--	1966-present
Harvard Club of New York	--	1960-present
Capitol Hill Club (D.C.)	--	1976-present

Qualifications:

The qualifications which I bring to the United States Synthetic Fuels Corporation are integrity, a puritan work ethic, and an inherent disdain for the waste that pervades our society, coupled with the educational and backg.ound skills to do the job. These include graduate degrees in law and business, and many years of business experience in investment banking, analyzing and evaluating companies, managements, industries, and special situations. In addition, my military experience includes investigative work, criminal prosecution, and management analysis.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

See #6 below.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them.

With respect to item #2 above, it is too early to know whether these holdings raise conflict of interest problems. If so, I shall request a waiver determination respecting each holding which might become pertinent pursuant to the Corporation's policy. Absent such a waiver, I shall recuse myself from all actions concerning the corporations in which I have a financial interest.

United States Synthetic Fuels Corporation
1900 L Street, N.W. Washington, District of Columbia 20586 Telephone: (202) 653-4400

February 2, 1982

Honorable James A. McClure
Chairman, Committee on Energy and
Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request for an opinion concerning the conflict of interest laws and regulations applicable to the Corporation. On November 3, 1981, the Executive Office of the President transmitted to the Corporation a completed Financial Disclosure Report (SF-278) signed by Mr. Samuel Kenric Lessey Jr. Mr. Lessey is expected to be appointed Inspector General of the United States Synthetic Fuels Corporation, subject to confirmation by the Senate. The position in question was created by Section 122(a)(1) of the Energy Security Act (P.L. 96-294), which established the Corporation and defines the authorities and obligations of the Corporation, its Board of Directors, officers and employees. As the Corporation's designated Ethics Officer, I have reviewed Mr. Lessey's report in the context of the conflict of interest provisions of the Energy Security Act and the Policy on Conflicts of Interest approved by the Corporation's Board of Directors on January 23, 1981.

The conflict of interest provisions applicable to Corporation personnel are set forth in section 118 of the Energy Security Act. Section 118 of the Act makes applicable to the Directors, officers and certain employees of the Corporation the financial disclosure provisions of Title II of the Ethics in Government Act of 1978 that apply to individuals occupying positions compensated under the Executive Schedule.

Section 118 of the Act also applies to the Directors, officers and all employees of the Corporation the post-employment restrictions contained in 18 U.S.C. §207(a) as if they were officers and employees of the executive branch of the United States Government. That provision prohibits permanently any former government employee from representing any party other than the United States with respect to any particular matter in which the former employee, during his government service, participated personally and substantially on behalf of the United States.

A principal focus of the aforementioned Corporation policy on conflicts of interest, which applies to all Corporation personnel, is on employee financial interests in and affiliations with participating organizations. For purposes of the policy, a "participating organization" means any

organization or organizations undertaking a project involving the Corporation or formally proposing to undertake such a project. The term also includes other participating entities such as project related financial institutions, investment bankers, and key construction, engineering, and other firms. A "financial interest" includes securities, partnership interests, or any right to receive financial benefits from such an organization, which is owned by the employee or a member of his household. Section 3b of the policy requires disclosure of any such interest acquired prior to joining the Corporation. Section 3d prohibits the acquisition of any such interest while employed by the Corporation.

In the case of a previously owned financial interest in a participating organization, the Corporation's policy generally does not require divestiture of the interest. However, Section 3e of the policy requires the Corporation's ethics officer to make a determination whether the reporting individual should be disqualified from engaging in Corporation activities involving the organization in question. Disqualification is not required if the ethics officer determines that the financial interest is too remote and inconsequential to affect the integrity of the reporting individual's services for the Corporation in the particular matter.

A letter of November 10, 1981 that I addressed to Hon. J. Jackson Walter, Director of the Office of Government Ethics concerning Mr. Lessey's financial disclosure report identifies reported stock holdings in the Charter Company, Norfolk & Western Railway Co. and the Hercules Corporation as posing potential conflicts of interest depending on the matters the nominee may deal with during his tenure as Inspector General if confirmed. These firms are no longer participating organizations within the meaning of the Corporation's policy. However, in Schedule A (pp. 6 and 7) of his financial disclosure report Mr. Lessey also reports common stock holdings in the Exxon Corporation and Gulf Oil Corporation. While not itself an applicant for financial assistance from the Corporation, the Exxon Corporation is a participant in a project for which its project partner has submitted a proposal to the Corporation seeking financial assistance for its part of the project. Also, Gulf Oil Corporation is a participant in a synthetic fuel project that has submitted a proposal to the Corporation requesting financial assistance. Each of these corporations is a participating organization within the meaning of the Corporation's policy.

In my opinion the aforementioned financial interests in Exxon and the Gulf Oil Corporation pose potential conflicts of interest depending on the particular matters with which Mr. Lessey will be involved during his tenure as Inspector General if confirmed by the Senate. I have discussed these holdings with Mr. Lessey and have been advised by him that should he be confirmed Mr. Lessey will promptly request a waiver determination

respecting such holdings pursuant to section 3e of the Corporation's policy and absent such a waiver, will recuse himself from all actions concerning the participating organizations in which he has a financial interest.

Subject to the foregoing and based on my review it is my opinion that Mr. Lessey's report evidences no conflict of interest under applicable laws and regulations.

If I can be of further assistance, please let me know.

Sincerely,

Owen J. Malone
Ethics Officer
Office of General Counsel

Enclosure

OM/mh

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None

3. Are any assets pledged? (Add schedule.)

No

4. Are you currently a party to any legal action?

No

5. Have you ever declared bankruptcy?

No

6. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

Yes. 1971: Return approved as filed.

1978: The IRS owed me money. Return approved.

1979: Return approved as filed.

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

FEB 4 1982

Honorable James A. McClure
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Samuel Kenric Lessey, Jr., who has been nominated by President Reagan for the position of Inspector General of the United States Synthetic Fuels Corporation.

We have reviewed the report and have also obtained advice from the Synthetic Fuels Corporation concerning any possible conflict in light of the Corporation's functions and the nominee's proposed duties. We agree with the opinion of the ethics officer of the Corporation in his letter to us, dated November 10, 1981, a copy of which is enclosed, that Mr. Lessey should recuse himself in any Corporation matters involving Charter Company, Exxon Corporation, Gulf Oil Corporation, the Norfolk & Western Railway Co., and Hercules Corporation unless the Corporation should grant him a waiver as to these companies in accordance with its policy.

Based on the foregoing, we believe that Mr. Lessey is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Jackson Walter

J. Jackson Walter
Director

Enclosure

FINANCIAL DISCLOSURE REPORT

Reporting Status (Check Appropriate Box)

☐ Incumbent ☒ New Entrant, Nominee, or Candidate ☐ Termination Report

NOTE
All schedules must be filed. Enter "None" in areas or across schedules where appropriate.

Agency Use Only	OGE Use Only
Date of Filing (Month, Day, Year)	

	Last Name	First Name and Middle Initial	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
Reporting Individual's Name	LESSEY	SAMUEL KENRIC JR.		
Position for Which Filing	Title of Position: Inspector General	Department or Agency (If Applicable): U.S. Synthetic Fuels Corporation		
Location of Present Office	Address (Number, Street, City, State and Zip Code): 1900 L Street, N.W. Washington, D.C. 20586		Room Number: Fifth Floor	Telephone No. (Include Area Code): 202-653-4366

	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
Presidential Nominees Subject to Senate Confirmation	Energy and Natural Resources	☐ Yes ☒ No

	Title of Position(s) and Date(s) Held
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Mobilization Assistant to the Director, Federal Emergency Management Agency December 1979 - Present

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Samuel Kenric Lessey Jr.	29 October 1981

Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.		
Office of Government Ethics Use Only ➤	Signature	Date (Month, Day, Year)

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

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Annual Financial Disclosure Report
(New Filer)

PURCHASES, SALES, AND EXCHANGES

This schedule is applicable only in the case of annual and termination reports.

Page Number	2	Schedule B

Reporting Individual's Name:
Samuel K. Lessey, Jr.

Agency Use Only

Date of Filing (Month, Day, Year)

Report Applicable Transactions, Even if Also Reported on Schedule A

S or DC	Identification of Property (real and personal)	Type of Transaction			Date (Month, Day, Year)		Category of Amount or Value ( )					
		Purchase	Sale	Exchange	Purchase	Sale or Exchange	$1,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000	
	N/A - NOMINEE											

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GIFTS AND REIMBURSEMENTS

This schedule is applicable only in the case of annual and termination reports.

Page Number	3	of C

Reporting Individual's Name: Samuel K. Lessey, Jr.

Agency Use Only

Date of Filing (Month Day Year)

I. Lodging, Transportation, Food and Entertainment—*List each source totaling $250 or more in value*

S or JC	Source (Name and Address)	Brief Description	Value
	N/A - NOMINEE		

II. All Other Gifts—*List each source totaling $100 or more in value*

S or JC	Source (Name and Address)	Brief Description	Value
	N/A - NOMINEE		

III. Reimbursements—*List each source totaling $250 or more in value*

S	Source (Name and Address)	Brief Description	Value
	N/A - NOMINEE		

(Rev. 7/80)

This schedule, except as noted for the third section, is applicable in the case of all reporting individuals.

Reporting Individual's Name	Agency Use Only	Page Number		Schedule
Samuel K. Lessey, Jr.	Date of Filing (Month, Day, Year)		4	D

LIABILITIES

Name and Address of Creditor	Type of Liability (e.g. promissory note, margin account) Give date, interest rate and, if applicable, term	Category of Amount or Value ( )				
		$10,001 to	$15,001 to	$50,001 to	$100,001 to	Over
None						

POSITIONS HELD

Name and Address of Organization	Type of Organization	Position Held	From	To
Federal Emergency Management Agency, Washington, D.C. 20472	U.S. Government	Mobilization Assistant to the Director	December 1979	Present

COMPENSATION IN EXCESS OF $5,000 PAID BY ONE SOURCE

This section is applicable only in the case of nominees and new entrants.

Source (Name and Address)	Income Paid (Description of Duties)
None, other than U.S. Air Force Reserve	Mobilization Assistant to the Director of the Federal Emergency Management Agency

RELATIONS WITH OTHER EMPLOYERS

Description of Terms of Any Agreement or Arrangement		
None		

* GPO : 1980 O - 310-659/5 : 01. 3

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?		X
If "yes", have you reported the income from the trust?		
If "yes", have you reported the assets of the trust?		
If "yes", is this trust an "excepted" trust? ... or "qualified" trust?		

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of any investments or liabilities.

Do you certify to all of the above? (All such interests sold) X

N/A

Page Number 5

Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

Interests in Property	Income: Type of Income	Income: Category of Amount or Value	Interests in Property: Value
Bank Accounts			
Checking Account at the Morgan Guaranty Trust Company, New York		X	H X
Savings Accounts at:	X	X	H X
Peterborough Savings Bank, Peterborough, New Hampshire and First National Bank of Peterborough, NH			
Certificates of Deposit - All at the Peterborough Savings Bank, NH	X	X	H X
Money Market Funds	X	X	H X
The Reserve Fund, Inc. - N.Y.			
Cash Reserve Management Inc. - N.Y.			
Webster Cash Reserve Fund - N.Y.			
Stocks (Common, unless otherwise specified)			
Allis-Chalmers Manufacturing Co. (NYSE)	X	X	H X

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Page Number 6 — Schedule A

Reporting Individual's Name

Date of Filing (Month, Day, Year)

		Income																Interests in Property							
		Type of Income							Category of Amount or Value									Value at Close							
		Dividends	Rents	Interest	Capital Gains	Royalties	Business	Other (Specify)	None (or less than $201)	$201-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$1,000,000	Over $1,000,000	Actual Amount (Only if "Other")	Other (Specify)	None	$1-$1,000	$1,001-$15,000	$15,001-$50,000	$50,001-$250,000	Over $250,000
	American Airlines Inc. (NYSE)	X							X											H	X						
	American Express Co. (NYSE)	X									X									H				X			
	Bethlehem Steel Corp. (NYSE)	X								X										H		X					
	Boeing Company (NYSE)	X							X											H	X						
	Braniff Airways Inc. (NYSE)	X							X											H	X						
	Brascan Limited (NYSE)	X								X										H	X						
	Bundy Corporation (NYSE)	X								X										H	X						
	The Charter Company (NYSE)	X								X										H		X					
	Continental Air Lines, Inc. (NYSE)	X							X											H	X						
	Dorchester Gas Corporation (ASE)	X							X											H	X						
	Exxon Corporation (NYSE)	X									X									H		X					
	Flight Safety International, Inc. (NYSE)	X								X										H		X					
	Frontier Airlines Inc. (warrants) (ASE)	-							X											H	X						
	General Foods Corporation (NYSE)	X									X									H		X					

SF 278—Financial Disclosure Report
(Rev. 7/80)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? Yes / No

If "yes," have you reported the income from the trust?

If "yes," have you reported the assets of the trust?

If "yes," is the trust an "excepted" trust? or "qualified" trust?

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:
1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above?

Page Number 7 — Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

Description of Assets (including trust assets)	Income: Type of Income	Income: Category of Amount or Value	Interests in Property: Value of Assets
	Type of Income (Yes): Dividends; Rent; Interest; Capital Gains; Royalties; Trust; Other (Specify)	Category of Amount or Value (X): None (or less than $201); $201-$1,000; $1,001-$2,500; $2,501-$5,000; $5,001-$15,000; $15,001-$50,000; $50,001-$100,000; Over $100,000; Actual Amount (Yes); Estimate (Yes) (Only if "Other" Checked); Date (Mo., Day, Yr.) (Only if "Other" Checked)	Value of Assets (Yes): None (or less than $201); $201-$1,000; $1,001-$2,500; $2,501-$5,000; $5,001-$15,000; $15,001-$50,000; $50,001-$100,000; Over $100,000
General Motors Corporation (NYSE)	X	X	H X
Grumman Corporation (NYSE)	X	X	H X
Gulf Oil Corporation (NYSE)	X	X	H X
International Harvester Co. (NYSE)	X	X	H X
Lincoln First Banks (NASDAQ)	X	X	H X
Lincoln First Banks (conv. preferred) (OTC)	X	X	H X
Lockheed Aircraft Corporation (NYSE)	-	X	H X
Martin-Marietta Corporation (NYSE)	X	X	H X
Mobil Corporation (NYSE)	X	X	H X
National Distillers & Chemical Corp. (NYSE)	X	X	H X
Norfolk & Western Railway Co. (NYSE)	X	X	H X
Republic Airlines, Inc. (NYSE)	X	X	H X
Northrop Corporation (NYSE)	X	X	H X
One William Street (mutual fund)	X	X	H X

(Rev. 7/69)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? ..... Yes / No

If "yes", have you reported the income from the trust? .....

If "yes", have you reported the assets of the trust? .....

If "yes", is this trust an "exempted" trust? ... or "qualified" trust? ...

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of (such) interests or liabilities.

Do you certify to all of the above?

Page Number 8 — Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

Identification	Income: Type of Income	Income: Category of Amount or Value	Interests in Property: Valuation of Assets
	Dividends, Rents, Royalties, Interest, Capital Gains, Business Trust, Qualified Trust, Other (Specify)	Amount Not Required to be Reported, $1 to $1,000, $1,001 to $2,500, $2,501 to $5,000, $5,001 to $15,000, $15,001 to $50,000, $50,001 to $100,000, Over $100,000, Amount Not Required, Only if "Other", Source (Name, City, State), Only if	Assets Not Required to be Reported, $1 to $15,000, $15,001 to $50,000, $50,001 to $100,000, $100,001 to $250,000, $250,001 to $500,000, $500,001 to $1,000,000, Over $1,000,000
Ozark Air Lines, Inc. (ASE)	X	X	H X
Pan American World Airways (NYSE)	-	X	H X
Parker-Hannifin Corporation (NYSE)	X	X	H X
Purex Corporation, Ltd. (NYSE)	X	X	H X
Ralston Purina Company (NYSE)	X	X	H X
Rockwell International Corp. (NYSE)	X	X	H X
Rohr Corporation (NYSE)	-	X	H X
Sanders Associates, Inc.	X	X	H X
Scott and Fetzer Company (NYSE)	X	X	H X
Shearson Appreciation (mutual fund)	X	X	H X
Sperry Corporation (NYSE)	X	X	H X
Thiokol Corporation (NYSE)	X	X	H X
Tiger International, Inc. (NYSE)	X	X	H X
Viacom International (NYSE)	X	X	H X

SF 278—Executive Personnel Financial Disclosure Report
(Rev. 7/88)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? Yes: | No:

If "yes", is the trust described in the Appendix? Yes: | No:

If "yes", is this trust a "qualified blind trust"? Yes: | No:

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above? Yes: | No:

Page Number 9 | Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

Identification	Income: Type of Income (✓)							Income: Category of Amount or Value (✓)									Interests in Property: Valuation of Assets (✓)						
	None (or less than $201)	$201-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	Over $50,000 (Specify)	None (or less than $201)	$201-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000 (Specify)	Actual Amount (Only if "Other" Specify)	Date (Mo., Day, Yr.) (Only if Honoraria)	None (or less than $1,001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
Western Airlines, Inc. (NYSE)	X								X									H	X					
Debentures																								
McDonnell Douglas Aircraft Co., Inc. (NYSE)			X						X									H	X					
4 3/4% convertible																								
debentures due 1 July 1991																								
Fairchild Industries, Inc. (NYSE)			X						X									H	X					
9 3/4% debentures due 1 April 1998																								
Frontier Airlines (ASE)			X						X									H	X					
5 1/2% debentures due 1 March 1987																								

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Page Number 10 — Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

	Income																Interests in Property							
	Type of Income							Category of Amount or Value									Valuation of Assets							
	None	Dividends	Interest	Rents & Royalties	Capital Gains	Partnership Income	Other (Specify)	None	$1,000 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount	None	$1,000 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000
(Delta) Northeast Airlines, Inc. (ASE)		X							X								H	X					
6 1/2% convertible debentures																							
due 1 August 1986																							
Seaboard World Airlines, Inc. (ASE)		X							X								H	X					
5% convertible debentures due 4/1/86																							
Tiger International Inc. (NYSE)		X								X							H		X				
11 1/2% Sinking Fund debentures																							
due 1 October 1995																							
Puerto Rico Highway Authority		X								X							H		X				
7% Highway Revenue Bond																							
Series B due 1 July 1998																							

AFFIDAVIT

) ss

Samuel Kenric Lessey Jr. , being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Samuel Kenric Lessey Jr.

Subscribe and sworn before me this 2nd day of February , 1982

Joyce E. Perry
Notary Public

DISTRICT OF COLUMBIA :ss:

Subscribed and sworn to before me this

2nd day of February, 1982

Joyce E. Perry
Notary Public

JOYCE E. PERRY

My Commission expires August 31, 1983

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Page Number 11 | Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

	Income																	Interests in Property						
	Type of Income							Category of Amount or Value										Valuation of Assets						
New Hampshire Housing Finance Agency			X						X									H	X					
due 1 January 1996																								
7.90% Single Family Mortgage Acquisition																								
Bond, 1980 Series A																								
The State of New Hampshire			X						X									H	X					
4.75% Capital Improvement Bond																								
due 1 March 1992																								
The State of New Hampshire			X						X									H		X				
4.75% Capital Improvement Bond																								
due 1 March 1999																								

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Page Number 12 — Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year):

		Income: Type of Income								Income: Category of Amount or Value										Interests in Property: Type						
	Hercules Corporation (NYSE)			X						X										M	X					
	6 1/2% convertible debenture																									
	due 30 June 1999																									
	Southeast Banking Corporation (NYSE)			X						X										M	X					
	4 3/4% convertible debenture																									
	due 15 October 1997																									
	Limited Partnerships																									
1	Southeastern Exploration 1970 Ltd.							Distributive Share (D.S)			X									F		X				
	Oil & Gas Drilling in Southeast USA																									
	C&K Petroleum Inc., 1 Houston Center Suite 2600, Houston, TX 77002																									
2	Southeastern Exploration 1971 Ltd. (Same as #1)							D.S.		X										F	X					

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Page Number 13 — Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

		Income																Interests in Property						
		Type of Income							Category of Amount or Value									Type						
		A	B	C	D	E	F	Other (Specify)	A	B	C	D	E	F	G	H1	H2	A	B	C	D	E	F	G
3	Southeastern Exploration 1972 A Ltd.							D.S.		X								F	X					
	(same as #1)																							
4	Sutton Place Ltd. - Residential Real Estate in Atlanta, Georgia Nahigian Investment Company 3151 Maple Drive, NE, Atlanta, GA 30305							D.S.			X							F			X			
5	Arborgate Ltd. (same as #4)							D.S.				X						F				X		
6	Martinique Ltd. (same as #4)							D.S.				X						F				X		
7	Hidden Colony Ltd. (same as #4)							-	X									F			X			
8	Lake Forest Fund - commodities Piller, Weiner & Associates 230 West Monroe St., Chicago, IL 60606							D.S.	X									F	X					
9	Capital Housing Partners - LVI Section 8 residential real estate in Maryland CRI, Inc., 1 Central Plaza 11,300 Rockville Pike, Rockville, MD 20852							-	X									F			X	.		

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? ..... Yes / No

If "yes", have you reported the income from the trust? .....

If "yes", have you reported the assets of the trust? .....

If "yes", is this trust an "exempted" trust? ... or "qualified" trust? ...

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them, and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above?

Page Number 14 Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

	Identification	Income: Type of Income (see)							Income: Category of Amount or Value (see)									Interests in Property: Value of Asset (see)						
		Salary	Rent	Interest	Dividends	Royalties	Capital Gains	Other (Specify)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000	Actual Amount (Optional)	Date (Month, Day, Year) Only if "Other"	Only if "Other"	None	$1,000 or less	$1,001 - $5,000	$5,001 - $15,000	$15,001 - $50,000	Over $50,000
10	Century Properties Fund XIV Diversified Real Estate 2755 Campus Drive, Suite 300 San Mateo, California 94403							D.S.		X										F		X			
11	Carlyle, R.E. Ltd. Partnership - IX Diversified Real Estate 875 North Michigan Avenue Chicago, Illinois 60611							D.S.		X										F		X			
12	Franklin Cypress Associates Real Estate (Shopping Center in Houston, TX) Franklin Realty Group, Rydal Executive Plaza Rydal, Pennsylvania 19046							-	X											F			X		
13	Shelter Properties I Diversified Real Estate 1000 Executive Center Drive, P.O. Box 6725 Greenville, South Carolina 29606							D.S.		X										F		X			
14	Shelter Properties II (same as #13)							D.S.		X										F		X			

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Page Number 15 — Schedule A

Reporting Individual's Name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? ..... Yes / No

If "yes", have you reported the income from the trust? .....

If "yes", have you reported the assets of the trust? .....

If "yes", is this trust an "excepted" trust? ... or "qualified" trust? ...

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility.
2. They are not, in any way past or present, derived from your income, assets, or activities.
3. You neither derive, nor expect to derive, any financial or economic benefit from them.
4. You do not have a knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above?

Asset Code	Description	Income: Type of Income	Income: Category of Amount or Value	Income in Property: Value of Asset
15	West Virginia Natural Gas Ltd. Oil & Gas Drilling in West Virginia Sterling Drilling & Production Co., Inc 360 Madison Ave., New York, NY 10017	D.S.	X	F X
16	Clay Limited Partnerships B & C (same as #15)	D.S.	X	F X
17	Sterling Gas Drilling Fund - 1978 (same as #15)	D.S.	X	F X
18	Sterling Gas Drilling Fund 1979-1 (same as #15)	D.S.	X	F X
19	West Virginia Natural Gas II (same as #15)	-	X	F X
20	Emerald Circle Limited Partnership (same as #15)	D.S.	X	F X
21	The West Virginia Basin Limited Partnership (same as #15)	-	X	F X

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals

Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? ..... Yes / No

If "yes", have you reported the income from the trust? .....

If "yes", have you reported the assets of the trust? .....

If "yes", is this trust an "excepted" trust? ... or "qualified" trust? .....

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility.
2. They are not, in any way past or present, derived from your income, assets, or activities.
3. You neither derive, nor expect to derive, any financial or economic benefit from them, and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above? .....

Page Number 16 Schedule A

Reporting individual's name: Samuel K. Lessey, Jr.

Date of Filing (Month, Day, Year)

Identification	Income: Type of Income (✓)	Income: Category of Amount or Value (✓)	Interests in Property: Valuation of Assets (✓)
Investment Counseling Fees from P.B. Thompson	Fee	X	
Air Force Reserve	Income	X	
National Student Marketing - common stock liquidation	X	X	

United States Synthetic Fuels Corporation
1900 L Street, N.W. Washington, District of Columbia 20586 Telephone: (202) 653-4400

April 15, 1982

Honorable James A. McClure
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

The financial disclosure statement and questionnaire which I recently submitted in connection with your Committee's consideration of my nomination for the office of Inspector General of the United States Synthetic Fuels Corporation identifies certain investment positions that I have in the common stock of Exxon Corporation and the Gulf Oil Corporation.

My purpose in writing is to advise the Committee that I have further reviewed these holdings in terms of their potential for conflicts of interest in relation to my prospective duties as Inspector General if my nomination is confirmed by the Senate. Although the Exxon Corporation is not itself an applicant for financial assistance from the Synthetic Fuels Corporation it has a major interest in the Colony Oil Shale Project the Tosco portion of which has been awarded significant financial assistance under a loan guarantee agreement concluded by the Department of Energy and now being administered by the Synthetic Fuels Corporation. Also, Gulf Oil Corporation is a participant in the Rio Blanco Oil Shale project which has submitted a proposal to the Corporation. Given the nature of the responsibilities of the Office of Inspector General, and the Corporation's active interest in these projects, and in order to obviate any possible conflict of interest, I feel it both appropriate and advisable that I divest myself of my interest in both Exxon and Gulf. Accordingly, I wish to advise the Committee that if my nomination is confirmed by the Senate I will divest myself of my present holdings of Exxon and Gulf Oil Corporation common stock.

If I can be of further assistance to the Committee, please let me know.

Sincerely,

Samuel K. Lessey Jr.

Samuel K. Lessey, Jr.

ROBERT W. GAMBINO

Mr. Gambino was a senior executive of the Central Intelligence agency for ten years (1970-80). His assignments included service in operational, collection and support components in the United States and overseas. He was Director of Security, CIA, from 1975-80. Mr. Gambino graduated from the University of Virginia in 1951, George Washington University Law School in 1958, and George Washington University Graduate School in 1968. He is a member of the Virginia Bar. Mr. Gambino is active in the U. S. Army Reserve, serving as Colonel in Military Intelligence. He is a recipient of the Distinguished Intelligence Medal, The National Intelligence Medal of Achievement, and the Attorney General's Special Accommodation Award. Mr. Gambino is married and has three children. He was born in Martinsburg, West Virginia on November 16, 1926.

UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Gambino (LAST) Robert (FIRST) W. (OTHER)

Position to which nominated: Deputy Inspector General United States Synthetic Fuels Corporation

Date of nomination: 3 February 1982

Date of birth: 16 (DAY) Nov. (MONTH) 1926 (YEAR)

Place of birth: Martinsburg, West Virginia

Marital status: Married

Full name of spouse: Mary M. Gambino

Name and ages of children:

Melissa L. Slayter	27
William P. Gambino	25
Leigh E. Gambino	23

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Virginia	1947-1951	BA	June, 1951
George Washington Univ.	1955-1958	JD (honors)	Feb., 1958
George Washington Univ.	1967-1968	BS	June, 1968

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

1951-1954 - U.S. Army - Intelligence Officer - Far East

1954-1980 - CIA - Intelligence Officer - U.S. and Abroad -

[1970-1972 - Chief, Physical Security Division

1972-1973 - D/Director for Technical & Physical Sec

1973-1975 - D/Director for Investigations and Operational Support

1975-1980 - Director of Security]

Feb.-July, 1980 - Bush Campaign - Issues Officer

Aug.-Nov., 1980 - Reagan-Bush Campaign - Operations Officer

Employment record—Continued

Jan. 1981-May 1981 - Self-employed attorney, Washington area

May 1981 - December 1981 - Vice President - Guardsmark, Inc. Washington, D.C.

January 11, 1982 - Present - Consultant - United States Synthetic Fuels Corporation, Washington, D.C.

Military service: Enter all military service if not included above. service, dates, rank, type of discharge.

1946-1947 - U. S. Army, Sgt., Honorable

1951-1954 - U. S. Army, 1st Lt., Recall to active duty and return to Reserve

1962-1963 - U. S. Army, Capt., Recall to active duty and return to Reserve

1963-Date - U. S. Army, Col., Active Reserve

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Distinguished Intelligence Medal

National Intelligence Medal of Achievement

Attorney General's Special Commendation Award

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Sigma Chi Fraternity		1948 - Date
Int'l. Assn. Chiefs of Police		1981 - 1982
Vienna, Va., Bd. of Zoning Appeals	Secretary	1963 - 1965
Reserve Officers Association		1977 - Date
Virginia Bar		1958 - Date
American Bar Association		1981 - Date
Carrhill Road Civic Assn., Vienna, VA	Vice Pres	1970 - 1971
Council, Emmanual Lutheran Church Vienna, Virginia	President	1969 - 1970
Signa Society	President	1981 - 1982

Published writings: List the titles, publishers and dates of any books, articles, or reports you have written.

Legal Vaccum - Jurisdiction of Civilians Accompanying the Armed Forces Overseas, Air War College, Maxwell Air Force Base, Montgomery, Alabama, 1968.

Qualifications: State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

All connections with employer have been severed.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

No plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes.

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

No.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None.

ROBERT W. GAMBINO

I have served in management, intelligence and investigative positions for over twenty years. I have had the opportunity to participate in the management and support of large national programs involving both the private sector and the federal government. This background has provided me extensive experience in activities germane to the role of Inspector General.

As the United States Synthetic Fuels Corporation proceeds to meet the goals set forth in the Energy Security Act, while respecting the priorities and needs of local communities and the States, and complying with other applicable federal laws, it is essential that it keep and maintain the high confidence of the President, the Congress and the American People. I am confident I can assist the Board of Directors in this process and thus contribute to the success of the corporation.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

I have no potential conflict of interest regarding the above responses.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them.

I have no such financial or other such interests or obligations nor will I acquire any interests or obligations which will present a possible or potential conflict of interest.

United States Synthetic Fuels Corporation
1900 L Street, N.W. Washington, District of Columbia 20586 Telephone: (202) 653-4400

February 2, 1982

Honorable James A. McClure
Chairman, Committee on Energy and
Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request for an opinion concerning the conflict of interest laws and regulations applicable to the Corporation. On December 11, 1981, the Office of Government Ethics transmitted to the Corporation a completed Financial Disclosure Report (SF-278) signed by Mr. Robert W. Gambino. Mr. Gambino is expected to be appointed Deputy Inspector General of the United States Synthetic Fuels Corporation, subject to confirmation by the Senate. The position in question was created by Section 122(a)(3) of the Energy Security Act (P.L. 96-294), which established the Corporation and defines the authorities and obligations of the Corporation, its Board of Directors, officers and employees. As the Corporation's designated Ethics Officer, I have reviewed Mr. Gambino's report in the context of the conflict of interest provisions of the Energy Security Act and the Policy on Conflicts of Interest approved by the Corporation's Board of Directors on January 23, 1981.

The conflict of interest provisions applicable to Corporation personnel are set forth in section 118 of the Energy Security Act. Section 118 of the Act makes applicable to the Directors, officers and certain employees of the Corporation the financial disclosure provisions of Title II of the Ethics in Government Act of 1978 that apply to individuals occupying positions compensated under the Executive Schedule.

Section 118 of the Act also applies to the Directors, officers and all employees of the Corporation the post-employment restrictions contained in 18 U.S.C. §207(a) as if they were officers and employees of the executive branch of the United States Government. That provision prohibits permanently any former government employee from representing any party other than the United States with respect to any particular matter in which the former employee, during his government service, participated personally and substantially on behalf of the United States.

A principal focus of the aforementioned Corporation policy on conflicts of interest, which applies to all Corporation personnel, is on employee financial interests in and affiliations with participating organizations. For purposes of the policy, a "participating organization" means any

organization or organizations undertaking a project involving the Corporation or formally proposing to undertake such a project. The term also includes other participating entities such as project related financial institutions, investment bankers, and key construction, engineering, and other firms. A "financial interest" includes securities, partnership interests, or any right to receive financial benefits from such an organization, which is owned by the employee or a member of his household. Section 3b of the policy requires disclosure of any such interest acquired prior to joining the Corporation. Section 3d prohibits the acquisition of any such interest while employed by the Corporation.

In the case of a previously owned financial interest in a participating organization, the Corporation's policy generally does not require divestiture of the interest. However, Section 3e of the policy requires the Corporation's ethics officer to make a determination whether the reporting individual should be disqualified from engaging in Corporation activities involving the organization in question. Disqualification is not required if the ethics officer determines that the financial interest is too remote and inconsequential to affect the integrity of the reporting individual's services for the Corporation in the particular matter.

Based on my review it is my opinion that Mr. Gambino's Financial Disclosure Report evidences no conflict of interest under applicable laws and regulations.

If I can be of further assistance, please let me know.

Sincerely,

Owen J. Malone
Ethics Officer
Office of General Counsel

Enclosure

OM/mh

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

/

None

3. Are any assets pledged? (Add schedule.)

No

4. Are you currently a party to any legal action?

No

5. Have you ever declared bankruptcy?

No

6. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

FEB 4 1982

Honorable James A. McClure
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Robert W. Gambino, who has been nominated by President Reagan for the position of Deputy Inspector General of the United States Synthetic Fuels Corporation.

We have reviewed the report and have also obtained advice from the Synthetic Fuels Corporation concerning any possible conflict in light of the Corporation's functions and the nominee's proposed duties. The Corporation's advisory transmittal suggests that Mr. Gambino's financial report was reviewed in the context of the conflict of interest provisions of the Energy Security Act (P.L. 96-294) and the Policy on Conflicts of Interest approved by the Corporation's Board of Directors on January 23, 1981.

A principal focus of the aforementioned Corporation policy on conflicts of interest, which applies to all Corporation personnel, is on employee financial interests in and affiliations with participating organizations. For purposes of the policy, a "participating organization" means any organization or organizations undertaking a project involving the Corporation or formally proposing to undertake such a project. The term also includes other participating entities such as project related financial institutions, investment bankers, and key construction, engineering, and other firms. A "financial interest" includes securities, partnership interests, or any right to receive financial benefits from such an organization, which is owned by the employee or a member of his household. Section 3b of the policy requires disclosure of any such interest acquired prior to joining the Corporation. Section 3d prohibits the acquisition of any such interest while employed by the Corporation.

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Subject to the considerations outlined above, we believe that Mr. Gambino will be in compliance with the Energy Security Act provisions governing conflicts of interest.

Sincerely,

J. Jackson Walter
Director

Enclosure

Office of Government Ethics

FINANCIAL DISCLOSURE REPORT

Reporting Status (Check Appropriate Box)

Incumbent | [X] New Entrant, Nominee, or Candidate | Termination Report

NOTE
All schedules must be filed. Enter "None" in areas or across schedules where appropriate.

Agency Use Only	OGE Use Only
Date of Filing (Month, Day, Year) 12/11/81	

Reporting Individual's Name	Last Name	First Name and Middle Initial
	Gambino	Robert W.

Position for Which Filing	Title of Position	Department or Agency (If Applicable)	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
	D/Inspector General	U.S.Synthetic Fuels Corp.	Unknown	

Location of Present Office	Address (Number, Street, City, State and ZIP Code)	Room Number	Telephone No. (Include Area Code)
	None		

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	Committee on Energy and Natural Resources	Yes [X] No

Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)

Title(s) and Date(s) Held

1975-8 Feb. 1980 Director of Security, Central Intelligence Agency

Certification

CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.

Signature of Reporting Individual — DEC 1 1981

Agency Ethics Official's Opinion

The information contained in the report discloses no conflict of interest under applicable laws and regulations.

Signature of Designated Agency Ethics Official Reviewing Official — 12/30/81

Office of Government Ethics Use Only

(Check box if comments are continued on the reverse side)

60

AFFIDAVIT

) ss

Robert W. Gambino , being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Robert W. Gambino

Subscribe and sworn before me this day of , 19

Notary Public

DISTRICT OF COLUMBIA ss:

Subscribed and sworn to before me this

2nd day of February, 1984

Joyce E. Perry

Notary Public

JOYCE E. PERRY

My Commission expires August 31, 1988

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals.

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?		X
If "yes", have you reported the income from the trust?		
If "yes", have you reported the assets of the trust?		
If "yes", is this trust an "excepted" trust? ... or "qualified" trust?		

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above? X

Page Number 2 | Schedule A

Reporting Individual's Name: Robert W. Gambino

Agency Use Only

Date of Filing (Month, Day, Year): 12/11/87

Asset Code (See Instructions)	Identification	Income: Type of Income (✓) Dividends	Rent	Interest	Capital Gains	Executed Trust	Qualified Trust	Other (Specify)	Income: Category of Amount or Value (✓) None (or less than $201)	$201-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount (Only if "Other" Selected)	Date (Mo., Day, Yr.) (Only if "Honoraria")	Interests in Property: Valuation of Assets (✓) Type	None	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
	Condo, 615 Center St.Herndon,VA		X									X							G			X				
	TH, 12122 Captiva Ct. Reston,VA		X										X						G			X				
	NICOR Common, 300 shares				X						X								H		X					
	NICOR Common, 300 shares	X								X									H		X					
	Old National Bank 24 shares Martinsburg, WVA	X							X										H	X						
	Surf 'n Sound Inc. 2,000 shares	X							X										A		X					
	*DeAnza XI Limited Partnership		X							X									C**		X					
	20A. land, Martinsburg, WVA ½ int.	X			X				X										A					X		
	Equity Income Fund Limited Partnership									X									H		X					
	*Czar-Aurora Gas & Oil				X				X										C**		X					
	Lot 109C-Ocean Sands, NC Merrill Lynch CMA			X	X				X			X							A			X				
	House-313 Locust SE Vienna,VA				X									X					H				X			
	Northwest Federal Credit Union			X							X								H	X						
	Lot 204D-Ocean Sands, NC 1/3				X				X										F			X				
	VA Tax Exempt Bonds - 5			X							X								H	X						
	Burmah Oil Corp. 100 shares	X							X						X				H	X						
	Guardsmark, Inc.							Salary									30,049									
	Reagan for Pres. Campaign							Salary									4,442.		H							
	Richard W. Bliss, Lawyer							Fee			X						3,340.		H							
	Mitchell Regovin, Lawyer							Fee				X					2,220.		H							
	1/20 share 7/11 Stock Club	X			X						X								F	X						

*(Over)

**for date of purchase price see over & Schedule B

* DeAnza XI Limited Partnership - 10 interests at $1,000 per interest

Czar-Aurora Gas and Oil Limited Partnership - 2 interests at $5,000 per interest

PURCHASES, SALES, AND EXCHANGES

This schedule is applicable only in the case of annual and termination reports.

Page Number 3 | Schedule B

Reporting Individual's Name: Robert W. Gambino

Agency Use Only

Date of Filing (Month, Day, Year): 12/11/81

Report Applicable Transactions. Even if Also Reported on Schedule A

S or SO	Identification of Property (real and personal)	Type of Transaction: Purchase	Sale	Exchange	Date (Month, Day, Year): Purchase	Sale or Exchange	Category of Amount or Value (✓): $1,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
	NICOR Common, 300 shares		x		9/12/80	12/5/80		x			
	NICOR Common, 300 shares	x			1/5/81			x			
	Single Fam House, 313 Locust St. SE Vienna, Virginia		x		1956	1/2/80			x		
	Czar-Aurora Gas & Oil Limited Partnership	x			5/29/81			x			
	Equity Income Fund	x			6/27/80			x			
	Virginia Tax Exempt Bonds	x			7/8/81			x			
	Merrill Lynch, CMA	x			monthly	monthly		x			
	DeAnza XI Real Estate Limited Partnership	x			7/1/81			x			
	Condo - 615 Center St., Herndon, Virginia	x			2/9/81				x		
	TownHouse - 12122 Captiva Ct., Reston, Virginia	x			8/31/81				x		
	1/20 share 7/11 Stock Club	x	x		monthly	monthly	x				

Financial Disclosure Report

GIFTS AND REIMBURSEMENTS

This schedule is applicable only in the case of annual and termination reports.

Page Number	4	Schedule C
Reporting Individual's Name: Robert W. Gambino		
Agency Use Only		
Date of Filing (Month, Day, Year): 12/11/81		

Lodging, Transportation, Food and Entertainment—*List each source totaling $250 or more in value*

Source (Name and Address)	Brief Description	Value
None		

All Other Gifts—*List each source totaling $100 or more in value*

Source (Name and Address)	Brief Description	Value
None		

Reimbursements—*List each source totaling $250 or more in value*

Source (Name and Address)	Brief Description	Value
None		

...ncial Disclosure Report)

This schedule, except as noted for the third section, is applicable in the case of all reporting individuals.

Reporting Individual's Name: Robert W. Gambino

Agency Use Only — Date of Filing (Month, Day, Year): 12/11/81

Page Number 5

Schedule D

LIABILITIES

S or JT	Name and Address of Creditor	Type of Liability (e.g., promissory note, margin account) Give date, interest rate and, if applicable, term of loan	Category of Amount or Value ($10,001 to $15,000 / $15,001 to $50,000 / $50,001 to $100,000 / $100,001 to $250,000 / Over $250,000)
	H.L. Rust Co. 1800 K St., NW., Wash. , DC.	1st mortgage 12%; Townhouse, Reston, VA 25yr Dtd 9/81;	$15,001 to $50,000
	American Security Corp. 730 15h St.NW,Wash,DC	1st mortgage 7%; Condo-Herndon, Va 25 yr Dtd 7/81;	$15,001 to $50,000
	NW Federal Credit Union	1st mortgage, Undeveloped Condo Lot 1/3 interest Dtd 7/81,	$10,001 to $15,000

POSITIONS HELD

	Type of Organization			
Surf n Sound Inc.	Rental of Beach Cottages	Mbr. Board of Directors	1979	Date
George Bush for President Campaign	Political	Issues advisor	2/1980	7/80
Reagan for President Campaign 901 S. Highland Arlington, VA 22204	Political	Operations Officer	8/80	11/80
Self Employed Attorney	Law	Lawyer	2/81	5/81
Guardsmark, Inc. 1730 R.I.Ave., NW, Wash. DC	Security Services	Vice President	5/81	12/4/81
SIGNA (Society of Former CIA Employees)	Non-profit	President	1/1/82	12/31/82

COMPENSATION IN EXCESS OF $5,000 PAID BY ONE SOURCE This section is applicable only in the case of nominees and new entrants.

Guardsmark, Inc. 1730 R.I.Ave.,NW, Wash., DC	Vice President-Development, Development of professional security capability within company; seek out new business.

RELATIONS WITH OTHER EMPLOYERS

Description of Terms of Any Agreement or Arrangement		
None		